



# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

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November 21, 2006

IN REPLY PLEASE

REFER TO FILE: **PJ-2**

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**HIGH DESERT HEALTH SYSTEM  
MULTI-SERVICE AMBULATORY CARE CENTER PROJECT  
APPROVE PROJECT PLAN  
AUTHORIZE NEGOTIATIONS FOR LAND ACQUISITION  
AWARD VARIOUS AGREEMENTS  
AUTHORIZE PREPARATION OF ENVIRONMENTAL DOCUMENTS  
C.P. 77350  
SUPERVISORIAL DISTRICT 5  
3 VOTES**

**JOINT RECOMMENDATION WITH THE CHIEF ADMINISTRATIVE OFFICER AND  
THE DIRECTOR OF HEALTH SERVICES THAT YOUR BOARD:**

1. Authorize the preparation of programming documents for construction of a new Multi-Service Ambulatory Care Center in the City of Lancaster utilizing a design-build approach.
2. Direct the Chief Administrative Office to negotiate an Agreement with the City of Lancaster regarding the County's potential acquisition of the site proposed for the Multi-Service Ambulatory Care Center.
3. Award and authorize the Director of Public Works to execute an Agreement with Cannon Design in the amount of \$1,200,000 to update the facility program, prepare a master site plan for the proposed location, and prepare project definition documents as a basis for a design-build project delivery approach.

4. Authorize the Chief Administrative Officer to direct the preparation of required environmental documents and a specific use plan for the proposed site in collaboration with the City of Lancaster.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will allow for the preparation of project definition documents to design and construct the proposed Multi-Service Ambulatory Care Center (MACC) in the City of Lancaster, utilizing design-build project delivery.

#### **Background**

In June 2002, in response to budgetary uncertainty surrounding the Department of Health Services, your Board authorized the conversion of the High Desert Hospital to an outpatient facility. Your Board appropriated \$4 million to renovate the existing hospital ambulatory surgery unit, which was completed at a cost of \$472,000 in 2004.

The need for outpatient services in the Antelope Valley has been exacerbated by its continuing population growth. The Southern California Association of Governments has projected that the population in the Antelope Valley will grow from an estimated 344,212 in 2006 to 445,367 in 2010. Based on this projected population growth, Health Services estimates that outpatient visits to the High Desert MACC will rise from 113,028 visits in 2006 to approximately 154,400 in 2010.

It has become evident, however, that the existing hospital cannot efficiently accommodate the functions of a MACC due to its deteriorating condition and inappropriate building configuration, which does not lend the building to function as an outpatient facility.

In order to provide a facility that optimizes patient care services and meets projected outpatient needs of the Antelope Valley in a cost-effective manner, the Chief Administration Office, Public Works, and Health Services developed three distinct options that were reviewed on the basis of patient care efficiency, construction costs, and ongoing cost-efficiency. Based upon this review, construction of a new 124,000-square-foot MACC at a new site in central Lancaster is recommended as the best long-term capital solution.

### Existing Facility

The existing hospital complex consists of a 93,200-square-foot main hospital building that is 44 years old and 19 additional buildings totaling 81,700 square feet that are approaching 50 to 65 years in age. Other structures on the site are temporary modular buildings not intended for permanent, long-term use. The primary plumbing, electrical, mechanical, and fire alarm systems have reached obsolescence and are difficult to maintain. The facility lacks a central energy plant and is dependent upon an aging central plant at the Sheriff's adjacent Mira Loma Detention Center for heating and cooling. While air conditioning and emergency power are available in the main hospital building, none is provided to the outlying buildings, which house urgent care, pediatrics, oncology, chemotherapy, and specialty surgical clinics. The outlying buildings have independent heating and cooling systems, which are expensive to maintain and lack the efficiency of a larger centralized system.

The main building was designed as a primary inpatient care facility with multiple wings to maximize the number of inpatient rooms rather than facilitate patient circulation and clinical treatment areas that are required in an outpatient facility. Hallways were designed to accommodate the movement of inpatient beds rather than provide waiting areas that are crucial to a clinical setting. Hospital rooms are significantly larger than outpatient examination and treatment rooms and will require demolition and reconstruction to appropriately support clinical operations. The configuration of the existing campus is also extremely fragmented, which impedes patient flow and requires patients to travel up to a quarter mile to access laboratory, radiology, and pharmacy services. In addition, the facility lacks the registration and waiting areas that are crucial to an outpatient setting.

Due to the fragmented and inappropriate building configurations, less than 80 percent of the existing space can be utilized for outpatient activities. The inability of the existing configuration to accommodate outpatient functions, however, precludes the effective use of the currently under-utilized space to absorb projected increases in outpatient visits.

The continued long-term use of the existing building for outpatient services will require a substantial reconfiguration and expansion of the existing buildings to provide appropriate clinic space. Required improvements would include build-out of the open space between the existing wings to provide adequate circulation and patient waiting areas, replacement of existing building systems, including the fire alarm system, construction of a new central plant, and expansion of emergency power generators.

### Alternative Site

In 2004, the City of Lancaster expressed an interest in expanding access to the MACC by working with the County to develop a site in central Lancaster. Since that time, the City has acquired approximately 24 acres of land on Avenue I, between 3rd Street East and 5th Street East and has indicated a willingness to make 15 acres of land available to the County as a site for a new MACC facility.

Health Services analyzed outpatient data from its Medically Indigent Care Reporting System and Medi-Cal beneficiary location data to assess patient access to the site proposed by the City on the MACC's projected service population versus its current location. As summarized in the table below, Health Services determined that a MACC at the City-proposed site would improve access for both patients currently using the existing site and for Medi-Cal beneficiaries.

	Existing Site	Central Lancaster Site
DHS Outpatients living within 2 miles	84	1,771
DHS Outpatients living within 5 miles	1,713	3,525
Medi-Cal Beneficiaries living within 2 miles	0	13,660
Medi-Cal Beneficiaries living within 5 miles	21,675	37,988

### Review of Options

Given the deficiencies at the existing hospital campus and a potential site for a new MACC, the Chief Administrative Office, Public Works, and Health Services developed the following options to complete the conversion to a MACC.

Option 1: Reconfiguration and refurbishment of 98,000 square feet of existing space and supporting building systems, expansion of the existing main building by 40,000 square feet to accommodate clinical functions and improve patient circulation, construction of a new central plant, and expansion of parking areas.

The cost of this option is estimated at \$96.5 million and is anticipated to require 38 months to complete due to extensive move management requirements that will be necessary to minimize disruption of current operations. Spatial constraints inherent to the existing building design will also limit the incorporation and effectiveness of design efficiencies. Ongoing operating costs are not expected to increase under this option.

Option 2: Construction of a new 84,000-square-foot MACC complex at the City-proposed site, comprised of a 39,000-square-foot ambulatory surgery center, a 45,000-square-foot clinic and ancillary support building, and a central plant. Administrative functions would remain at the existing campus with renovation of 40,000 square feet of existing space.

This option will require approximately 36 months to complete at an estimated cost of \$96.3 million. Annual operating costs are estimated to increase by 20 percent due to additional transportation costs and duplication in building and site maintenance, warehouse, security, and some administrative activities that result from a dual campus model.

Option 3: Development of a new 124,000-square-foot MACC complex at a new site in Lancaster, comprised of a 39,000-square-foot ambulatory surgery center, a 38,000-square-foot clinical services building, a central plant, and a 47,000-square-foot administrative support building.

This option is estimated to cost \$98.8 million and is expected to require 32 months to complete. This option offers the best opportunity to optimize patient flow and enhance patient care by incorporating design efficiencies that will not be limited by existing building constraints. The inclusion of energy saving and other sustainable technologies into the new facility design is expected to result in as much as 30 percent reduction in annual operating costs.

Based upon our review, Option 3 provides the most efficient patient care delivery system and the most cost-effective, long-term operating model. The design of a new facility will provide the best opportunity to optimize patient care services. The reduction in annual operating costs that is expected from the design of a smaller, consolidated facility and the incorporation of sustainable design technologies is anticipated to fully offset the higher construction cost of Option 3 over a 9-year period. Further, the location of the new MACC in central Lancaster will increase patient access, which in turn will reduce the burden on local emergency rooms.

### Design-Build

We are recommending the use of design-build for the delivery of this project. The advantages of design-build over the traditional design-bid-build process include making the design-builder responsible for the entire project, which should reduce the number of change orders, including claims and delays. It provides a collaborative relationship between the architect and the contractor, which should reduce project costs and the total project delivery time.

Approval of the recommended actions will allow Public Works to proceed with the preparation of project definition documents that serve as the basis for a design-build selection process. Also, upon your Board's approval, Public Works will begin various preconstruction activities, including site-related studies to confirm the suitability of the proposed site.

We will return to your Board with recommendations on the design-build selection process, the incorporation of sustainable design technologies, and site acquisition upon completion of the preliminary schematic designs and negotiations with the City of Lancaster.

### **Implementation of Strategic Plan Goals**

These actions meet the County Strategic Plan Goals of Service Excellence, Fiscal Responsibility, and Children and Families' Well-Being by investing in public health infrastructure and improving access to health care in the northern portion of the County. Completion of this project will provide a much needed outpatient health facility for the residents of the County of Los Angeles.

### **FISCAL IMPACT/FINANCING**

Utilizing Cannon Design's feasibility study cost plan updated to costs based on the current schedule, we estimate the project budget for Option 3 at \$98,845,000, including design, jurisdictional review, construction, equipment, consultant services, and County services. Upon completion of a final program for the project, we will return to your Board for approval of a total project budget and a detailed schedule for completion.

It is anticipated that construction of the project will be funded through the issuance of long-term, tax-exempt bonds.

Funding for the recommended Agreement with CannonDesign is included in the Fiscal Year 2006-07 Capital Projects budget (C.P. 77350).

### **Operational Impact**

Once architectural programming and appropriate environmental documents are completed, Health Services will have sufficient documentation to report to your Board with regard to any specific impacts to the hospital's operations and budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In January 2006, the Public Contract Code was amended to add the County of Los Angeles to the various California counties authorized to use design-build contracting for building construction and renovation projects. Since that time, Public Works has been working with the Chief Administrative Office and County Counsel to develop the necessary policies and procedures to implement this legislation, and we plan to seek your Board's approval of these policies in early 2007. The High Desert MACC is one of several proposed projects that we believe would benefit from design-build contracting.

### **ENVIRONMENTAL DOCUMENTATION**

Approval of the recommended actions will have no environmental impact. The appropriate environmental documents will be completed prior to returning to your Board for approval of any discretionary action that may impact the environment.

### **CONTRACTING PROCESS**

The Chief Administrative Office has requested Public Works to initiate the consultant selections for architect/engineer design services and construction management.

The Architect Evaluation Board provided a list of 15 qualified professionals for the project. Public Works issued a Request for Proposal on September 8, 2005, to design the project. The proposals were received on October 6, 2005, and were reviewed by an evaluation committee consisting of representatives from the Chief Administrative Office, Health Services, and Public Works.

As a result of a qualifications-based selection process, Cannon Design is being recommended to provide architect/engineer design services for this project. These recommendations are based on overall quality and responsiveness of the proposal, competency, health facility design services expertise, experience, qualifications of proposed staff, and project-specific work plan, which represents the best value to the County.

Cannon Design's Community Business Enterprise data and 3-year contracting history are on file with Public Works.

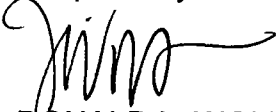
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Establishment of this project will have no impact on current services. Upon completion of the MACC, we anticipate that the existing site will be vacated by Health Services. At this time, we have not identified a specific use for the site. However, we will be reviewing other potential uses by other County departments in the Antelope Valley area.

**CONCLUSION**

Please return an adopted copy of this letter to the Chief Administrative Office (Capital Projects Division), Health Services, and Public Works.

Respectfully submitted,

  
for DONALD L. WOLFE  
Director of Public Works

  
DAVID E. JANSSEN  
Chief Administrative Officer

  
BRUCE A. CHERNOF, M.D.  
Director and Chief Medical Officer

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cc: County Counsel



November 21, 2006

**ENCLOSURE**

**HIGH DESERT HEALTH SYSTEM  
MULTI-SERVICE AMBULATORY CARE CENTER PROJECT  
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**I. PROJECT SCHEDULE**

<b>Project Activity</b>	<b>Proposed Completion Date</b>
Project Definition Documents	June 2007
Advertise for Bids	August 2007
Award Construction Contract	May 2008
Design	May 2009
Jurisdictional Approval	July 2009
Construction Substantial Completion	September 2010
Acceptance of Project	December 2010